

MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
THE DEPARTMENT OF WATERWORKS

DATE: February 17, 2005

CALLED TO ORDER: 5:34 p.m.

MEETING ADJOURNED: 6:40 p.m.

ATTENDANCE

PRESENT MEMBERS

Carmen Hansen Rivera, Vice Chairperson
Sam Odle
Dan DeMars
Beulah Coughenour
Mike Hudson

AGENDA

1. Approval of the Minutes of the Meeting of January 20, 2005- Barbara Howard, Chairperson.
2. Financial Report – Robert Erney, Financial Manager
3. Report of Veolia Water Indianapolis LLC- Tim Hewitt, President and Operations Manager
4. Report of Director of Contracts and Operations-Carlton E. Curry, Director of Contracts and Operations.
5. Resolution No. 6, 2005- Resolution Approving of an Additional Appropriation of Character 4 Funds of the 2005 Budget- Robert Erney, Financial Manager.
6. Resolution No. 7, 2005- Approval of Capital Projects- Carlton E. Curry, Director of Contracts and Operations.
7. Resolution No. 8, 2005 – Approval of Incentive Payments for Calendar Year 2004 – Carlton E. Curry, Director of Contracts and Operations.
8. Resolution No. 9, 2005 – Water Tank Painting and Naming Policy - Carlton E. Curry, Director of Contracts and Operations, Andrew I. Klineman, General Counsel

9. Resolution No. 10, 2005- Appointment of Appraisers Darlington Assets- Andrew I. Klineman, General Counsel
10. “Planning for Central Indiana’s Water System: Resources, Water Use, Needs and Options” Presentation – Carlton E. Curry, Director of Contracts and Operations.
11. Other Business
 - a. Other Board Business
 - b. Public Comment

MINUTES OF THE MEETING
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THE DEPARTMENT OF WATERWORKS

The meeting of the Board of Directors (the “Board”) of the Department of Waterworks (the “Department”) met on Thursday, January 20, 2005. Vice-Chairwoman Carmen Hansen Rivera called the meeting to order at 5:34 p.m. with the following members present: Sam Odle, Dan DeMars, Beulah Coughenour, and Mike Hudson.

Approval of the Minutes of the Meeting of January 20, 2005
Barbara Howard, Vice Chairperson

Mr. Odle moved, seconded by Mr. DeMars, to approve the minutes of the meeting of January 20, 2005. The motion carried by a vote of 4 to 0. The minutes are attached as Exhibit A.

Financial Report – Robert Erney, Financial Manager

The Board was given a copy of Mr. Erney’s financial report attached hereto as Exhibit B and incorporated herein by reference (the “Financial Report”).

Report of Veolia Water Indianapolis LLC
Tim Hewitt, President and Operations Manager

The Board was given a copy of Mr. Hewitt’s report attached hereto as Exhibit C and incorporated herein by reference (the “Veolia Report”). Mr. Hewitt read his executive summary of the Veolia Report to the Board.

The Vice Chair asked for comments.

Mr. Hudson inquired related to fire hydrants and complaints inherited from the Indianapolis Water Company (“IWC”). Mr. Hewitt noted that VWI, on behalf of the Department of Waterworks, is doing a much better job of inspecting and maintaining fire hydrants when compared to the period prior to the Department’s acquisition of the IWC assets.

Mr. Odle asked about the canal dredging project and whether water supply would be impacted. Mr. Hewitt noted that plans are in place to insure that water supply would not be impacted during the construction phases.

Report of Director of Contracts and Operations
Carlton E. Curry, Director of Contracts and Operations

Mr. Curry submitted to the Board a copy of the Director’s report attached hereto as Exhibit D and incorporated herein by reference (the “February 2005 Director’s Report”).

The Vice Chair asked for comments.

Ms. Coughenour asked for clarification on the Area Rate Program. Mr. Curry noted that the program exists for persons on wells that would like to connect to the Indianapolis Water system. Mr. Curry noted that the Department's investment in a water main is collected over a twenty (20) year period through a monthly surcharge on the water bill. It takes 50% or more persons that may connect to the main to participate for the program to go forward and the main to be installed. Mr. Curry noted that this program is used to fill-in areas not presently served by the Department, but within the Department's service territory. Ms. Coughenour asked about persons that do not initially participate and whether they are charged a fee for connecting after the program begins. Mr. Curry noted that such persons are charged a subsequent connection fee and are also responsible for the monthly surcharge used to reimburse the Department for its costs associated with the installation of the water main.

Mr. Hudson requested that the Department staff present to the Board a report that would identify the unserved areas, including the number of unserved properties, in the Indianapolis Water system.

**Resolution No. 6, 2005 - Resolution Approving of an Additional Appropriation of
Character 4 Funds of the 2005 Budget- Robert Erney, Financial Manager**

Mr. Erney explained that Resolution No. 6, 2005 requests an additional appropriation of \$6.0 million funded by the bond proceeds of 2004 bond issuance. Mr. Erney noted that the additional fund will be utilized for capital projects that were approved by the Board during the bond issuance.

Mr. Odle requested clarification and whether the budget will be increased. Mr. Erney answered in the affirmative and noted that the \$6.0 million appropriation is required for the funds to be released and utilized from the bond 2004 issuance. Capital 440012 line item will be increased.

Mr. Odle moved, seconded by Mr. DeMars to approve Resolution No. 6, 2005. The motion carried by a vote of 4 to 0.

**Resolution No. 7, 2005 - Approval of Capital Projects- Carlton E. Curry, Director of
Contracts and Operations**

Mr. Curry explained Resolution No. 7, 2005. He asked for approval of the resolution.

Ms. Coughenour asked about the capital projects related to Darlington safety improvements. Mr. Curry noted that those capital projects are prudent even though the sale of the Darlington assets is being considered by the Department due the time involved in the transaction. Ms. Coughenour asked that such costs should be included in the purchase price negotiation.

Mr. Odle moved, seconded by Mr. DeMars, to approve Resolution No. 7, 2005. The motion carried by a vote of 4 to 0.

Resolution No. 8, 2005 - Approval of Incentive Payments for Calendar Year 2004 – Carlton E. Curry, Director of Contracts and Operations

Mr. Curry explained that Resolution No. 8, 2005 and noted that this was the earliest the incentive review process had been completed.

Ms. Odle moved, seconded by Mr. DeMars, to approve Resolution No. 8, 2005. The motion carried by a vote of 4 to 0.

Resolution No. 9, 2005 - Water Tank Painting and Naming Policy - Carlton E. Curry, Director of Contracts and Operations, Andrew I. Klineman, General Counsel

Mr. Curry explained Resolution No. 9, 2005 would provide the Department staff guidance in dealing with requests to mark Department water tanks with governmental entity identifications.

Ms. Coughenour asked if the governmental entity would be responsible for the maintenance. Mr. Curry noted that the governmental entity would be responsible for the costs associated with the maintenance.

Mr. Odle, Mr. DeMars and Mr. Odle asked that the Department staff draft specific guidelines that incorporates a general statement that all markings should be of the highest quality.

Mr. Odle asked that consideration of Resolution No. 9, 2005 be postponed until more specific guidelines are drafted for consistency and quality and are attached to the resolution. Mr. Odle noted that he supports having identification on the tanks, but that such should be of a high quality and should follow consistent guidelines. The members of the Board concurred.

The Department staff agreed to provide those guidelines to the Board at the March 2005 meeting of the Board of Directors.

Resolution No. 10, 2005 - Appointment of Appraisers Darlington Assets- Andrew I. Klineman, General Counsel

Mr. Klineman explained Resolution No. 10, 2005. According to the Indiana Code, the Darlington real property may only be sold after a joint appraisal is made. This resolution would start the procedural process required in order to identify a possible purchaser of the Darlington assets. The Town of Darlington has indicated they are in favor of the process going forward and in order for the Board consideration to begin the procedural process, including the appointment of appraisers, must be accomplished. This is a necessary procedural step for the Board and the City-County Council of Indianapolis/Marion County to consider a sale.

Mr. Odle moved, seconded by Mr. DeMars, to approve Resolution No. 10, 2005. The motion carried by a vote of 4 to 0.

**“Planning for Central Indiana’s Water System: Resources, Water Use, Needs and Options”
Presentation**

Carlton E. Curry, Director of Contracts and Operations.

Mr. Curry presented to the Board “Planning for Central Indiana’s Water System: Resources, Water Use, Needs and Options” attached hereto as Exhibit E and incorporated herein by reference.

The Vice Chair asked for comments.

Mr. Hudson asked about the accuracy of the viability of the well field yield projections and whether the Regional Water Authority Study due April 30, 2005 will provide information on those. Mr. Curry noted that the study should include such projection evaluation.

Ms. Coughenour inquired as to how far into the future this Board should consider supply. Mr. Curry noted that 2050 and beyond should be considered, noting that only 1% of the recoverable water on the earth is potable and one-fifth of that water is located in the Great Lakes.

Mr. DeMars noted a recent article in the Chicago Tribune in which it was reported that one trillion gallons of water are taken per day from the Great Lakes and is not replaced.

Other Business

None.

Other Board Business

None.

Public Comment

Mr. Glenn Pratt commended the Board for consideration of water supply issues such as Mr. Curry’s presentation “Planning for Central Indiana’s Water System: Resources, Water Use, Needs and Options.” Mr. Pratt suggested that ordinances and statutes should be in place to force conservation in case of drought.

Mr. Hudson asked counsel to prepare for a later meeting a summary of what procedurally would be required to implement a conservation plan.

CONCLUSION

With no further business pending, the Board of Directors of The Department of Waterworks meeting adjourned at 6:40 p.m.

Carmen Hansen Rivera, Vice Chair

Attest:

S. Michael Hudson,
Secretary-Treasurer